

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, JANUARY 23, 2002

10:07 A. M.

Reported by:
Peter Petty
Contract No. 150-01-006

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

William Keese, Chairman

Michal C. Moore, Commissioner

Robert Pernell, Commissioner

Arthur H. Rosenfeld, Commissioner

James D. Boyd, Ex-Officio

PUBLIC ADVISER

Roberta E. Mendonca

STAFF PRESENT

Steve Larson, Executive Director

William Chamberlain, Chief Counsel

Betty McCann, Secretariat

Bill Pfanner, Project Manager

Adam Pan, Consultant

Mark Rawson, Project Manager

Chris Scruton, Project Manager

Grace Bos, Associate Public Adviser

ALSO PRESENT

Eric Fresch, City of Vernon

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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1 P R O C E E D I N G S

2 10:07 a.m.

3 CHAIRMAN KEESE: Call this meeting of
4 the Energy Commission to order.

5 Commissioner Moore, would you lead us in
6 the pledge, please.

7 COMMISSIONER MOORE: I'd be happy to.

8 (Whereupon, the Pledge of
9 Allegiance was recited in unison.)

10 CHAIRMAN KEESE: Commissioner Laurie
11 will not be joining us. We're pleased
12 Commissioner Moore is.

13 COMMISSIONER MOORE: Yeah.
14 Mr. Chairman, in spite of what I said at the last
15 meeting, I think given the hearings that we'll
16 have down in Moro Bay which will span our next
17 business meeting and the intention, as I
18 understand it, of the Governor's office to move by
19 the 8th of February, then I suspect this will be
20 my last meeting. So it's a privilege to be here.
21 Thanks.

22 CHAIRMAN KEESE: Thank you. Consent
23 calendar?

24 COMMISSIONER MOORE: Move consent.

25 COMMISSIONER PERNELL: Second.

1 CHAIRMAN KEESE: Motion by Commissioner
2 Moore, seconded by Commissioner Pernell.

3 All in favor?

4 (Ayes.)

5 CHAIRMAN KEESE: Opposed?

6 Adopted, four to nothing.

7 Item two, City of Vernon-Malburg
8 Generating Station, Commission consideration of
9 the Executive Director's data adequacy
10 recommendation for the city of Vernon-Malburg
11 Generating Station. Good morning.

12 MR. PFANNER: Good morning, Chairman
13 Keese and Commissioners. My name is Bill Pfanner.

14 CHAIRMAN KEESE: You have to speak into
15 the microphone, I mean directly.

16 MR. PFANNER: Thank you. Good morning,
17 my name is Bill Pfanner. I am the project manager
18 on behalf of the Energy Commission for the city of
19 Vernon-Malburg Generating Station, Docket No.
20 01-AFC-25. Arlene Ichien is here today
21 representing legal counsel.

22 The Malburg Generating Station is a
23 proposed 134-megawatt combined cycle power plant
24 located on approximately 3.4 acres on the existing
25 city of Vernon Station A power generating

1 facility. The city of Vernon is a city of
2 industry, comprised of predominantly industrial
3 development with approximately 55,000 employees
4 and less than 100 residents.

5 The applicant is the city of Vernon.
6 They submitted the AFC on December 21st and has
7 requested the Energy Commission review their
8 application under the provisions of the six-month
9 certification process. Staff has reviewed the
10 application and found the AFC to be inadequate in
11 10 areas for the 12-month process and seven areas
12 for the six-month process. Staff has met with the
13 applicant, and most of the requirements will be
14 resolved quickly and will be pretty superficial;
15 however, there is the required system impact study
16 to be prepared by Southern California Edison that
17 may take some time to obtain.

18 The applicant plans to file supplemental
19 information to us within four to six weeks. That
20 would give us time to do the data adequacy review,
21 and we believe that we could schedule for an
22 appropriate business meeting in eight to ten
23 weeks.

24 As I said, we have met with the
25 applicant and we are on track with resolving any

1 outstanding issues. If you have any questions,
2 I'd be happy to try to answer them.

3 COMMISSIONER MOORE: Move the Executive
4 Director's recommendation.

5 CHAIRMAN KEESE: Motion by Commissioner
6 Moore.

7 COMMISSIONER PERNELL: Second.

8 CHAIRMAN KEESE: Seconded by
9 Commissioner Pernell. Anyone have anything to add
10 to what was heard?

11 MR. FRESCH: Eric Fresch for the city of
12 Vernon. We accept the staff's assessment of our
13 application and we're going to provide the
14 additional data they requested in the time frame
15 that Mr. Pfanner has set forth to you.

16 CHAIRMAN KEESE: Thank you. Okay, we
17 have a motion and a second. All in favor?

18 (Ayes.)

19 CHAIRMAN KEESE: Opposed?

20 Adopted, four to nothing.

21 Thank you, we'll see you back.

22 This is maybe as good a time as any to
23 announce a schedule change for our Commission
24 meetings. I offer you a two-fer. We have
25 meetings set for February 20th and for March 7th.

1 I'm proposing that we collapse those two meetings
2 into one meeting on February 27th. I have --

3 COMMISSIONER MOORE: Do we need a motion
4 to do that, or --

5 CHAIRMAN KEESE: I don't believe so,
6 we're just going to change the schedule here. But
7 we have checked with staff and there is nothing
8 that appears to interfere with that. So we will
9 cancel the meeting on the 20th and we will cancel
10 the meeting on March 7th, and we will have a
11 meeting on February 27th when we did not have one
12 scheduled. And we should get the appropriate
13 notices out to the parties as soon as possible.

14 COMMISSIONER PERNELL: Mr. Chairman,
15 have -- I'm not sure what my schedule is, so has
16 anyone checked with the Commission schedules on
17 this change I guess is my question.

18 CHAIRMAN KEESE: I hope so.

19 COMMISSIONER MOORE: The secretary is
20 shaking her head.

21 SECRETARIAT MC CANN: I'll go find out.

22 COMMISSIONER PERNELL: We do want to
23 have a quorum.

24 CHAIRMAN KEESE: Would people check?

25 COMMISSIONER ROSENFELD: I'm okay.

1 CHAIRMAN KEESE: All right, and I'm out
2 of town on both of those dates, the 20th and the
3 7th.

4 COMMISSIONER MOORE: Well, and I think
5 you have to assume that I will not be here.

6 CHAIRMAN KEESE: Right, so it is -- what
7 we're trying to do is make sure we have a quorum.
8 We'll check your schedule.

9 COMMISSIONER PERNELL: Okay, all right.
10 I'm fine with it as long as I don't have a siting
11 case or something.

12 CHAIRMAN KEESE: Okay. Item four, the
13 approval of a Committee for the city of Vernon is
14 over also -- I'm sorry, item three.

15 Item four, Subpoena for Independent
16 System Operator Data, possible approval of a
17 subpoena to the California Independent System
18 Operator for hourly operating data for Potrero and
19 Hunters Point power plants for scheduled plant
20 outages through December of 2002, and for access
21 to the ISO's scheduling log data. This is a
22 friendly subpoena.

23 MR. PAN: Good morning, Chairman Keese
24 and Commissioners.

25 CHAIRMAN KEESE: Good morning.

1 MR. PAN: My name is Adam Pan, working
2 on this subpoena for the Commission and Fernando
3 De Leon is our staff attorney. This subpoena is
4 asking the California ISO to provide the power
5 plant outage data. We no longer ask ISO for the
6 hourly operating data of the Potrero and Hunters
7 Point units, because the projects that would have
8 used that data have moved past the point where the
9 data can be useful.

10 And in the last year, the Energy
11 Commission and the staff made several requests for
12 power plant outage information to request
13 information on the San Francisco units. ISO
14 responded in December 21st of 2001 that the
15 information could not be released to the
16 Commission, citing ISO tariff for the confidential
17 information.

18 In that response, the ISO attorney
19 indicated that they would provide the information
20 if the Commission issued a subpoena, and that is
21 what we are doing today, asking the Commission's
22 approval to issue such a subpoena.

23 We are asking ISO to provide actual and
24 expected outages for 2001 and 2002, and access to
25 ISO's database that tracks the power plant

1 outages. It is important that we have the high-
2 quality outage data to analyze and predict the
3 system reliability and the supply adequacy for the
4 Governor and the Legislature.

5 There are major problems in the outage
6 data available in the public. There is no
7 forecast, there is a huge discrepancy in the two
8 data sources we track. And we cannot track the
9 trends of groups of power plants using the pump
10 data, only the ISO confidential data of the high
11 quality that is adequate for good analysis.

12 The data we receive will be protected by
13 the Commission's confidentiality regulations. And
14 that is all, thanks.

15 COMMISSIONER MOORE: Mr. Chairman --

16 CHAIRMAN KEESE: Commissioner Moore.

17 COMMISSIONER MOORE: -- this step is an
18 important step in our long-term assessment of
19 trends and long-term utilization of data. And I'm
20 sorry that we haven't in the last two years had a
21 more congenial relationship with the ISO's so that
22 we would have gotten more of this data on a
23 regular basis.

24 I understand what the chairman said
25 about a friendly subpoena, but, in fact, this is

1 the ISO saying that they want to be ordered to do
2 something rather than to voluntarily cooperate.
3 And I'm sorry that we haven't proved to them that
4 our confidential system is more effective than
5 they think, but I believe this will be a good
6 start, and certainly this is data that we can use
7 and use well to bolster our case.

8 I move for approval.

9 CHAIRMAN KEESE: Motion by Commissioner
10 Moore.

11 COMMISSIONER PERNELL: Second.

12 CHAIRMAN KEESE: Seconded by
13 Commissioner Pernell that we subpoena information
14 from the ISO.

15 COMMISSIONER PERNELL: On the question,
16 Mr. Chairman --

17 CHAIRMAN KEESE: Commissioner Pernell.

18 COMMISSIONER PERNELL: -- I do think
19 that I would agree with my colleague, Commissioner
20 Moore, that this is information that is needed.
21 And I had a briefing on this and I'm confident
22 that the ISO is aware of what we're doing. As a
23 matter of fact, as has been articulated, they
24 requested it.

25 And the other thing is, one of my

1 concerns was that the sister agencies were working
2 together. And even though this is a subpoena,
3 it's my understanding that we are working together
4 so that we can get this information. So,
5 Mr. Chairman, with that I'm certainly in favor of
6 the motion.

7 CHAIRMAN KEESE: Thank you. I do have
8 one question. Are we getting a limited amount of
9 information or are we getting what we believe is
10 sufficient for our purposes?

11 MR. PAN: We are asking for information
12 that will be sufficient for our needs.

13 CHAIRMAN KEESE: Okay, thank you. And I
14 don't disagree, Commissioner Moore. I thought I
15 had an informal agreement two months ago that we
16 would be able to do this without a subpoena, but
17 it turned out that that didn't work out, so we're
18 here.

19 All in favor?

20 (Ayes.)

21 CHAIRMAN KEESE: Opposed?

22 Adopted, four to nothing. Thank you.

23 EXECUTIVE DIRECTOR LARSON:

24 Mr. Chairman, I had a question. How do you want
25 to proceed with who signs the subpoenas? You may

1 evaluate that. The way that I think you've done
2 it in the past has been all five Commissioners
3 sign. There's some talk about perhaps you want to
4 delegate that to me, but -- and that may be a good
5 thing to do, but -- There's no legal --

6 CHAIRMAN KEESE: Is this one subpoena or
7 are we going to be subpoenaing every year? I
8 mean, what are we -- Every month? Does somebody
9 know the process here?

10 CHIEF COUNSEL CHAMBERLAIN: Well, my
11 hope is that there is only one, and that they then
12 start to comply and they use that as the model for
13 some of the other data that we will undoubtedly --
14 that you, sorry, as Commissioners will go back and
15 ask them for.

16 My sense is that this is a one-time
17 event. If it becomes a routinized event, then my
18 suggestion would be that the power of the
19 Commission be delegated to the administrative
20 officer and to our executive officer at that time.
21 I think right now, given the import of this first
22 time, it's still appropriate to have all the
23 Commissioners sign the subpoena.

24 Should it become routinized, though, it
25 seems to me that it's absolutely appropriate to

1 delegate it to the executive officer and have him
2 represent the Commission in a routine matter.
3 That would be my recommendation.

4 CHAIRMAN KEESE: So, Mr. Pan, one
5 subpoena, is that what --

6 MR. PAN: As far as the ISO data, we
7 think this is the one subpoena we have to do.

8 CHAIRMAN KEESE: The one subpoena will
9 be ongoing.

10 MR. PAN: And the ISO, I understand, is
11 changing their tariff that in the future, that the
12 data, confidential data they would share with and
13 provide to the Energy Oversight Board, and that
14 may be shared with other public agencies.

15 CHAIRMAN KEESE: So this may be the only
16 time we need this.

17 MR. PAN: It may be so.

18 CHAIRMAN KEESE: All right. Well, why
19 don't -- For simplicity's sake, then, why don't we
20 have the Commissioners sign at this time. And if
21 it's going to be anything else, then we'll
22 consider a resolution that would make it an
23 ongoing activity.

24 EX-OFFICIO BOYD: Commissioner --

25 CHAIRMAN KEESE: Mr. Boyd?

1 EX-OFFICIO BOYD: A question in this
2 same vein, of Mr. Larson, perhaps, ultimately.

3 The references were to a friendly or
4 semi-friendly subpoena, and there was a reference
5 to sister agency; however, I recognize that Cal
6 ISO is not a state agency, so -- Maybe it's a
7 crown corporation, but it's not a state agency.
8 But I'm aware of the difficulties we've had for
9 lo, these many months of dealing with Cal ISO
10 because of their estranged status.

11 And I was going to ask Mr. Larson,
12 because I know there has been a lot of interaction
13 of late, as to whether he's been involved in any
14 discussions about this issue or whether he has a
15 view that having cleared this hurdle once, we
16 won't have to do this repeatedly.

17 EXECUTIVE DIRECTOR LARSON: Well, I
18 don't -- I can't say that we're not going to have
19 to do this again. You know, I think that in the
20 current environment they want to cooperate. And I
21 understand why they'd need a subpoena, you know,
22 at this point. Because they feel that because
23 they are a crown corporation of sorts that they
24 would feel better in terms of their relationships
25 with their other masters about how to proceed, and

1 I understand that.

2 But who knows in the future what
3 happens? This is a fairly fluid situation.

4 EX-OFFICIO BOYD: Well, we just sat
5 through a situation, you and I, a week or so ago
6 where ISO had to withdraw from a meeting because
7 of concerns of one of their other masters at the
8 federal level about their interactions with state
9 agencies. So I just wondered if this is going to
10 be continuous or not. It will be interesting to
11 see.

12 CHAIRMAN KEESE: Well, perhaps our legal
13 counsel can answer that, but I had my agreement
14 with management, and it was legal counsel for the
15 ISO who led us to this course of action.

16 EX-OFFICIO BOYD: Well, last week FERC
17 jumped on the ISO about their relationships with
18 state agencies and they, with their legal counsel,
19 withdrew from a meeting we were having.

20 CHAIRMAN KEESE: That may be the same --

21 CHIEF COUNSEL CHAMBERLAIN: Was that
22 with the Department of Water Resources?

23 EX-OFFICIO BOYD: Well, they were in the
24 room.

25 CHAIRMAN KEESE: They were present, yes.

1 CHIEF COUNSEL CHAMBERLAIN: Yeah, I
2 think FERC's sensitivity is when the state
3 participates as a market participant that the
4 state should not be in a position that's any more
5 advantageous, in terms of getting information
6 earlier or better quality information that it
7 might use as a market participant.

8 I'm not sure that FERC would object to
9 the kind of information that we're seeking here,
10 for purposes that are more governmental in nature.

11 EX-OFFICIO BOYD: Is there any question
12 about the Commission's ability to keep things
13 confidential?

14 CHIEF COUNSEL CHAMBERLAIN: No.

15 CHAIRMAN KEESE: Okay.

16 COMMISSIONER PERNELL: On that question,
17 I think that we are embarking upon a larger policy
18 question here, in terms of who signs the
19 subpoenas. And I'm not opposed to having the
20 Commission sign the subpoena for the ISO, but
21 there are other -- I mean, this is kind of the
22 second round of recommended subpoenas that have
23 come to the full Commission.

24 So I think that it's worthy of some
25 discussion as to a policy of who actually signs

1 the subpoenas, whether it's with the IOU's or the
2 ISO or whomever we have the need to subpoena. And
3 I don't know that we can answer that question
4 here, but certainly for the purposes of the ISO,
5 Mr. Chairman, I'm comfortable with having the
6 Commissioner sign the subpoena.

7 But I think that --

8 CHAIRMAN KEESE: Well, why don't we have
9 our legal counsel give us a little opinion as to
10 how we should -- some ideas and recommendations on
11 this, in writing.

12 CHIEF COUNSEL CHAMBERLAIN: Oh, okay.

13 COMMISSIONER PERNELL: Because there is
14 a larger policy issue here, and we should be aware
15 of that.

16 CHAIRMAN KEESE: Thank you.

17 COMMISSIONER PERNELL: I'm not sure
18 we've answered the question for -- in terms of --

19 CHAIRMAN KEESE: I don't --

20 COMMISSIONER PERNELL: That's not a
21 vote.

22 CHAIRMAN KEESE: I think we'll just,
23 that's the way we'll do it.

24 COMMISSIONER PERNELL: We'll do it and
25 see what happens.

1 CHAIRMAN KEESE: Okay, thank you.

2 Item five, California State University,
3 Chico Research Foundation, possible approval of
4 Contract 500-00-018 Amendment 1, to add time to
5 the contract and revise the work scope for
6 development and testing of substation and power
7 plant protection systems and load reduction
8 switches.

9 Mr. Rawson.

10 MR. RAWSON: Good morning, my name is
11 Mark Rawson. I work in the Commission's Public
12 Interest Energy Research Program. Staff is
13 bringing this amendment to you for potential
14 approval to do a no-cost amendment to an existing
15 research contract with Chico State Research
16 Foundation, to broaden the scope of that work and
17 extend the term of that contract to conduct
18 research on vehicle barrier systems and truck-
19 stopping devices to increase the security of power
20 plants and substations in California.

21 COMMISSIONER MOORE: Mr. Chairman --

22 CHAIRMAN KEESE: Commissioner Moore.

23 COMMISSIONER MOORE: -- all I can say is
24 that it's quite a gift to get Commissioner
25 Rosenfeld's graduate students involved in some of

1 our contracts, especially when they're as
2 qualified as Bill is. And I'm extremely pleased
3 to move for approval of the no-cost extension.

4 CHAIRMAN KEESE: Motion by Commissioner
5 Moore.

6 COMMISSIONER ROSENFELD: Second.

7 CHAIRMAN KEESE: Seconded by
8 Commissioner Rosenfeld.

9 Any further discussion?

10 All in favor?

11 (Ayes.)

12 CHAIRMAN KEESE: Opposed?

13 Adopted, four to nothing.

14 Thank you, Mr. Rawson.

15 Item six, the internship program. There
16 are some details to be worked out. That item is
17 over until the February 6th business meeting.

18 Item seven, Lawrence Berkeley National
19 Laboratory, possible approval of Contract 500 --
20 Note the change in the agenda -- 500-01-021, for
21 \$1,970,000 to develop colored cool roofing
22 materials.

23 Good morning.

24 MR. SCRUTON: Good morning. I am Chris
25 Scruton. I work in the Peer Buildings Group and

1 I'd like to ask your approval of this contract
2 with Lawrence Berkeley Labs for the development of
3 colored cool roofing materials. And I'd be happy
4 to answer any questions you might have about the
5 contract.

6 CHAIRMAN KEESE: Any questions here?

7 COMMISSIONER MOORE: None, I'm going to
8 defer to Commissioner Rosenfeld.

9 CHAIRMAN KEESE: Are you happy with this
10 program, Commissioner Rosenfeld?

11 COMMISSIONER ROSENFELD: I'm charmed
12 with this contract.

13 COMMISSIONER PERNELL: We're going to
14 call Commissioner Rosenfeld Mr. Cool Roofs.

15 COMMISSIONER ROSENFELD: I'm changing my
16 name, from White Roofs to Cool Roofs.

17 (Laughter.)

18 COMMISSIONER ROSENFELD: I move the
19 contract.

20 CHAIRMAN KEESE: Motion by Commissioner
21 Rosenfeld.

22 COMMISSIONER MOORE: Second.

23 CHAIRMAN KEESE: Seconded by
24 Commissioner Moore.

25 COMMISSIONER PERNELL: I do have a

1 question.

2 COMMISSIONER PERNELL: Commissioner
3 Pernell.

4 COMMISSIONER PERNELL: And that is, is
5 Lawrence Berkeley working with Oak Ridge Lab on
6 this issue?

7 MR. SCRUTON: Yes. In fact, it's kind
8 of a historic partnership between these two labs.
9 The primary development will be made by Lawrence
10 Berkeley, and the primary testing element will be
11 done by Oak Ridge at their weatherization
12 facilities, and it will involve field testing in
13 California.

14 COMMISSIONER PERNELL: Good, thank you.

15 CHAIRMAN KEESE: Thank you.

16 All in favor?

17 (Ayes.)

18 CHAIRMAN KEESE: Opposed?

19 Adopted, four to nothing.

20 Thank you.

21 We have the minutes of June 6th,
22 June 11th, June 13th and June 22nd.

23 SECRETARIAT MC CANN: Mr. Chairman, I do
24 need to make a little change on the 22nd. It
25 lists Commissioner Pernell as being absent and he

1 was present. And we will make that change.

2 CHAIRMAN KEESE: Thank you. As amended.

3 Do I have a motion for approval as
4 amended?

5 COMMISSIONER MOORE: Move for the
6 minutes.

7 COMMISSIONER ROSENFELD: Second.

8 CHAIRMAN KEESE: Motion by Commissioner
9 Moore, seconded by Commissioner Rosenfeld.

10 All in favor?

11 (Ayes.)

12 CHAIRMAN KEESE: Opposed?

13 Adopted.

14 Item nine, Energy Commission Committee
15 and Oversight.

16 COMMISSIONER PERNELL: I have nothing,
17 Mr. Chairman.

18 CHAIRMAN KEESE: Hearing none, Chief
19 Counsel's report?

20 CHIEF COUNSEL CHAMBERLAIN: Yes,
21 Mr. Chairman. At the end of this meeting I will
22 need a brief closed session with the Commission to
23 discuss potential litigation.

24 In addition, I have today copies of
25 documents that we filed in the Superior Court of

1 Sacramento yesterday relating to the petition of
2 Santa Teresa Citizen Action Group and some other
3 parties, relating to the Metcalf case. As you
4 will recall, we did respond to their petition in
5 the California Supreme Court. They've also filed
6 in the Sacramento Superior Court, and we have
7 responded with a demur that contends that the
8 court has no jurisdiction, and also tries to limit
9 the action to the question of the appropriateness
10 of the Commission's denial of the petition for
11 reconsideration.

12 In addition, we filed an answer in that
13 case and are prepared to move forward if the court
14 decides against our demurs.

15 CHAIRMAN KEESE: Thank you. We will so
16 note that upon adjournment we will have an
17 Executive Session and, thereafter, this meeting
18 will be over.

19 Executive Director's report?

20 EXECUTIVE DIRECTOR LARSON:

21 Mr. Chairman, I was asked by the Siting Committee
22 to note for the whole Commission that there is an
23 issue before the Siting Committee which was
24 established in the budget proposal, which the
25 Governor advanced to the Legislature on January

1 10th. And that that is an imposition of a \$25,000
2 fee for each siting application.

3 The staff offered to -- will return to
4 the Siting Committee at the next meeting with an
5 outline of the issue, potential policy objectives
6 that could be achieved with the siting fee, a list
7 of question that need to be addressed and an
8 outline for a process to be concluded by May the
9 1st, 2002 in time for consideration by the
10 Legislature.

11 COMMISSIONER MOORE: Mr. Chairman --

12 CHAIRMAN KEESE: Commissioner Moore.

13 COMMISSIONER MOORE: -- just a brief
14 comment on that, because I may not get a chance to
15 again, and that is that although I am aware that
16 the statute puts a limit on what that fee is
17 today, when you look at this, my recommendation is
18 that you examine it in the light that local
19 governments do when they are considering fees, and
20 that is the real relationship between core staff
21 time and the actual processing of the documents
22 and the field work that has to take place by the
23 staff in terms of that processing.

24 And, in fact, it may be several times in
25 excess of whatever the amount is that's in the

1 statute. And so I would just put the flag up and
2 say allow yourself to think creatively on this,
3 because statutes can be changed, and the fee ought
4 to match the kind of effort and the intensity of
5 effort that the staff has to put out in order to
6 process these things.

7 So we're entering a new world of budget
8 shortfalls and constraints on our own activities,
9 and I would urge you to be as creative as possible
10 in trying to imagine what it really takes to
11 process one of these applications from the staff
12 point of view.

13 CHAIRMAN KEESE: We will note that --

14 COMMISSIONER PERNELL: Mr. Chairman --

15 CHAIRMAN KEESE: Commissioner Pernell.

16 COMMISSIONER PERNELL: -- I would
17 concur, and have requested in the Siting Committee
18 that a true cost come back and be discussed. And
19 I think I heard you mention that in your
20 statement, Mr. Larson, but, just for the record,
21 we want to know exactly how much it costs to
22 process one of these applications, especially when
23 the licensing process is going forward and we're
24 not sure that some of these plants are going to
25 get built. So that is using taxpayers' funds, and

1 we're not sure that we're going to benefit from
2 that.

3 So I think Commissioner Moore is
4 correct, it is critical that we know the true cost
5 of processing an application and reflect that in
6 whatever recommendation comes out of the Siting
7 Committee.

8 CHAIRMAN KEESE: Thank you.

9 EX-OFFICIO BOYD: Mr. Chairman?

10 CHAIRMAN KEESE: Mr. Boyd.

11 EX-OFFICIO BOYD: Mr. Larson, does the
12 charge to the Commission allow consideration of
13 perhaps a sliding scale fee tied to some criteria?
14 I mean, is the issue wide open?

15 EXECUTIVE DIRECTOR LARSON: I don't
16 think that the issue is closed. I mean, I think
17 if the Commission comes back with a reasonable
18 recommendation in relationship to this, the
19 administration -- the Department of Finance in
20 this case, which suggested this proposal, I think
21 would be open to any argument. I mean, I think
22 they realize that the \$25,000 fee doesn't reflect
23 the true cost.

24 And a question might be, you know, do
25 you think that any fee is acceptable, or, if you

1 do think that a fee is okay, then should it be
2 full cost? I think the \$25,000, the reasoning
3 behind it, if there was much of a reasoning, was
4 that it was sort of symbolic, that it was a -- you
5 know, that we need to think about this, that this
6 is, you know, an issue that's -- I mean, the state
7 is short of funds, and this was one small way in
8 which a contribution could be made.

9 CHAIRMAN KEESE: Thank you.

10 Mr. Larson, I believe I was watching one
11 of the legislative channels yesterday and that
12 this bill, a bill to do this came up for
13 discussion in committee. Were you there?

14 EXECUTIVE DIRECTOR LARSON: I don't
15 recall that. Probably if it was the right
16 committee, I was clearly there but I wasn't paying
17 attention, I was reading my speech and seeing what
18 I was supposed to say.

19 CHAIRMAN KEESE: Okay, because there was
20 a question asked whether it should not be the full
21 cost, and I had to leave for a conference call
22 myself so I did not hear the answer as that bill
23 was being discussed.

24 I would suggest to the staff of the
25 Siting Committee that if they will check the

1 archives of the Legislature approximately two
2 years ago during the Peace hearings, this specific
3 issue came before a diverse body and, as I recall,
4 a number of the generators who were interested in
5 advancing their projects suggested that they would
6 be willing to contribute \$250,000 per application
7 in order to allow additional staff to the Energy
8 Commission to expedite their filings.

9 And I believe a former Commissioner of
10 the Energy Commission made a very structured
11 presentation as to why the public benefitted if
12 the Energy Commission was not biased to approving
13 projects on which they had received money. So the
14 issue was very well framed, one suggesting there
15 was a reason for charging the full bore, and one
16 suggesting that there was a philosophical reason
17 for not charging when you are the agency that has
18 the plenary authority that the Energy Commission
19 does.

20 So I'm sure that we could find a
21 transcript of that hearing, and rather than
22 reliving the hearing, that could enter into the
23 Siting Committee's deliberations on this issue.

24 COMMISSIONER MOORE: Mr. Chairman, you
25 are correct, because I sat and listened to that.

1 So you are correct in your recollection.

2 My only caveat, again, this is just to
3 enter it into the record, is that even that number
4 may not be adequate. And so the real number may
5 be, in terms of cost, may be \$750- to a million
6 dollars, just to reflect the true cost of what it
7 takes to process a year-long application.

8 So you're correct in your recollection
9 and I would underscore the importance of looking
10 at a different number.

11 EX-OFFICIO BOYD: Mr. Chairman?

12 CHAIRMAN KEESE: Mr. Boyd -- May I
13 answer Commissioner Moore?

14 EX-OFFICIO BOYD: Excuse me, yes.

15 CHAIRMAN KEESE: I believe, Commissioner
16 Moore, on earlier inquiries from our staff the
17 amount in years that we've been devoting, personal
18 years we've been devoting to siting cases is
19 approaching ten, which would clearly not fall
20 within the \$25,000 or \$250,000 parameters.

21 Mr. Boyd.

22 EX-OFFICIO BOYD: Different issue, but
23 Mr. Larson broached the fact that he was in a
24 hearing yesterday, had to make a presentation in a
25 hearing yesterday, and I wondered if he would

1 enlighten the Commission on any issues that might
2 have come up or your reaction to, the Committee's
3 reaction to the Energy Commission's testimony,
4 etc.

5 EXECUTIVE DIRECTOR LARSON: I think the
6 Committee, which at that time consisted of two
7 members when I was testifying, but, you know, as
8 they note, no doubt are people out there watching
9 on television, and certainly the members are made
10 aware of what's happening --

11 EX-OFFICIO BOYD: Your boss was
12 watching.

13 EXECUTIVE DIRECTOR LARSON:
14 Apparently -- I think, my impression was that
15 there were really -- what I was telling them was
16 really basically the forecast for 2002 to 2004,
17 and pointing out that it appeared that reserves
18 were adequate to cover that period based on
19 certain assumptions. And then I went through some
20 of those assumptions with them in which they were
21 really quite interested in some of them.

22 They seemed to be, you know, accepting
23 and that they understood what we were projecting.
24 I also listed a number of parts of some of the
25 issues. I look at it as a complex set of issues

1 and I list some of the different types of issues
2 that face, that need to be addressed quickly, such
3 as the fact that the market was -- the assessment
4 of the Commission was that the market was still
5 broken and that things needed to be done to fix
6 it.

7 We talked about conservation, demand
8 responsiveness; we talked about the falloff of
9 generation applications, or at least the change --
10 the way in which the planners at the generation
11 companies are beginning to prioritize different
12 projects that are already either in or through our
13 process. And how, in our monitoring of them, we
14 find that, based on the finances of the generation
15 companies, that they're prioritizing the ones they
16 can get the money for, as opposed to the ones that
17 the state may need the most.

18 We talked a little about the very
19 crucial areas of San Francisco and San Diego in
20 terms of reliability. We talked about sort of the
21 state generally facing up to these problems in the
22 near future.

23 We did not talk too much about
24 reorganization, but it clearly is on the minds of
25 the legislators in different side conversations

1 and so forth. But public ones, I was aware of the
2 fact that a lot of them were thinking about it,
3 probably prompted by the recent proposals by
4 outside organizations relating to reorganization
5 of energy in California.

6 I still haven't seen much in terms of a
7 response in terms of the administration in terms
8 of that, they don't seem too interested at the
9 moment. But the legislators are reacting to it
10 and we probably need to give it more attention
11 here, in terms of our best interests.

12 Other than that, I thought that, you
13 know, we were received well, and PUC had testified
14 ahead of us, Commissioner Lynch, and in her
15 testimony she talked a lot about contracts rates,
16 you know, how she was going about establishing a
17 rate stream that would head in the direction of
18 paying off the bonds; how it was very important to
19 stabilize the situation in terms of the
20 marketplace as far as the PUC was concerned.

21 And there were some natural questions
22 and reactions to some of her testimony, but
23 generally speaking, I thought that the Committee,
24 in terms of the PUC's testimony, was fair and
25 treated well. That's what happened.

1 CHAIRMAN KEESE: Thank you.

2 Public Adviser?

3 PUBLIC ADVISER MENDONCA: Nothing today.

4 CHAIRMAN KEESE: Thank you.

5 Any public comment?

6 Hearing none, this meeting will -- we'll
7 go into Executive Session after which this meeting
8 is adjourned.

9 SECRETARIAT MC CANN: Shouldn't we talk
10 about the date again, the 27th?

11 CHAIRMAN KEESE: That's what we're going
12 to do.

13 COMMISSIONER MOORE: Oh, she's talking
14 about whether Commissioner Pernell was free for
15 the special meeting --

16 SECRETARIAT MC CANN: The special
17 meeting?

18 CHAIRMAN KEESE: Well, we were going to
19 have a quorum on the -- we can get a quorum on the
20 27th, so we're going to have to excuse
21 Commissioner Pernell, but we will have a quorum.

22 SECRETARIAT MC CANN: So we're okay.

23 CHAIRMAN KEESE: Right.

24 (Whereupon, at 10:44 a.m., the business
25 meeting was adjourned.)

CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,
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herein; that I recorded the foregoing California
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I further certify that I am not of
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said workshop.

IN WITNESS WHEREOF, I have hereunto set
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